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BEFORE THE ARIZONA CORPORATION**COMMISSIONERS**

MIKE GLEASON, Chairman
 WILLIAM A. MUNDELL
 JEFF HATCH-MILLER
 KRISTIN K. MAYES
 GARY PIERCE

IN THE MATTER OF UNS ELECTRIC INC.'S
 REQUEST FOR EXTENSION OF THE
 CERTIFICATE OF ENVIRONMENTAL
 COMPATIBILITY AUTHORIZING
 CONSTRUCTION OF 230kV/69kV DOUBLE
 CIRCUIT TRANSMISSION LINE AND
 SUBSTATION IN MOHAVE COUNTY,
 ARIZONA, BETWEEN THE EXISTING HILLTOP
 SUBSTATION NEAR KINGMAN AND THE
 PROPOSED NORTH HAVASU SUBSTATION
 NEAR LAKE HAVASU CITY, A DISTANCE OF
 APPROXIMATELY 56 MILES.

DOCKET NO. L-00000F-97-0088

Decision No. 69721
 Arizona Corporation Commission
DOCKETED

JUL 30 2007

ORDER

DOCKETED BY	<i>nr</i>
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Open Meeting
 July 24 and July 25, 2007
 Phoenix, Arizona

BY THE COMMISSION:

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Having considered the entire record herein and being fully advised in the premises, the
 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. On July 31, 1997, the Commission issued Decision No. 60344 in Case No. 88.
 Decision No. 60344 granted Citizens Utility Company a Certificate of Environmental Compatibility
 ("CEC" or "Certificate") authorizing construction of a 230kV/69kV double circuit transmission line,
 associated substations, and related facilities in Mohave County. The CEC was granted upon three
 conditions, one of which is that the authorization to construct the project would expire ten years from
 the date the Certificate is approved by the Commission unless construction is completed by that time;
 provided, however, that prior to such expiration the facility owner may request that the Commission
 extend the time limitation.

1 2. On November 2, 2005, Citizens Utilities Company's successor in interest, UNS
2 Electric, Inc. ("UNSE" or "Applicant") filed, in Case No. 88, a Request for Extension of Certificate
3 of Environmental Compatibility. Therein, UNSE requests that Decision No. 60344's deadline for
4 completion of construction of a portion of the facilities approved by Decision No. 60344, specifically
5 a 28-mile portion of the 230kV/69kV double circuit transmission line from a substation located near
6 the Griffith Power Plant site ("Griffith Substation") to the Franconia Substation, be extended until
7 July 31, 2012. UNSE states that it has not commenced building the final 28-mile portion of the
8 transmission line from the Griffith Substation to the Franconia Substation.

9 3. On April 5, 2007, the Commission's Utilities Division Staff ("Staff") filed a Staff
10 Report in this docket. Staff recommended that UNSE's request be approved.

11 4. On June 14, 2007, UNSE docketed a copy of a document titled "Service Agreement
12 for Network Integration Transmission Service" signed by the Western Area Power Administration
13 ("WAPA") and UNSE, and a copy of a Service Agreement and Network Operating Agreement
14 between WAPA and UNSE, both dated May 21, 2007.

15 5. The CEC granted in Decision No. 60344 authorized the construction of 230kV/69kV
16 double circuit transmission line, associated substations and related facilities in Mohave County,
17 Arizona, between the existing Hilltop Substation near Kingman and the proposed North Havasu
18 Substation near Lake Havasu City, a distance of approximately 56 miles.

19 6. The Staff Report indicates that North Havasu Substation, the Griffith Substation, and
20 the portion of the transmission line from the Hilltop Substation to the Griffith Substation have been
21 constructed.

22 7. The Staff Report indicates that the Franconia Substation is not yet constructed. Its
23 planned location is between the Griffith Substation and the North Havasu Substation.

24 8. The Staff Report indicates that approximately 14 miles of the transmission line will be
25 constructed from the Franconia Substation to the North Havasu Substation and initially operated at 69
26 kV prior to July 31, 2007.

27 9. The facilities that UNSE is seeking an extension of time to construct consist of the 28-
28 mile portion of the 230kV/69kV double circuit transmission line which will run from the completed

1 Griffith Substation to the planned Franconia Substation.

2 10. UNSE has arranged with WAPA for the provision of network transmission service
3 rather than the point-to-point service it had prior to May 21, 2007, when UNSE and WAPA signed a
4 Service Agreement and a Network Operating Agreement.

5 11. Network transmission service allows the recipient of such service to receive power at
6 multiple delivery points on an electric system as opposed to only at a certain point on the system.
7 According to Staff, WAPA's provision of network transmission service to UNSE will delay UNSE's
8 need to transmit future power needs over the proposed final 28-mile portion of the 230kV/69kV
9 double circuit transmission line for approximately five years.

10 12. In the application, UNSE estimates that the cost of constructing the remaining portion
11 of the transmission line authorized under the CEC would be approximately \$22 million, and that
12 approximately \$8 million of that amount would be spent in 2006 and 2007 related to the segment
13 from the Franconia Substation to the North Havasu Substation. UNSE states that if the extension is
14 granted, UNSE will not need to expend the balance until the 2009-2012 timeframe. UNSE states that
15 delaying that financial obligation until a later time closer to when the transmission will be needed
16 will benefit UNSE and its customers.

17 13. Staff states that network service from WAPA will delay the need for UNSE to serve
18 the Lake Havasu area's projected load from the Griffith Substation.

19 14. Extending the timeframe for completion of the authorized facilities as requested by
20 UNSE will defer the need for UNSE to incur approximately \$14 million in construction costs until
21 the transmission is needed.

22 15. Staff recommends in the Staff Report that the Commission approve the requested
23 extension of time for constructing the 28-mile portion of the 230kV/69kV double circuit transmission
24 line which will run from the completed Griffith Substation to the yet to be constructed Franconia
25 Substation to July 31, 2012. Staff recommends that the approval be conditioned upon UNSE filing,
26 with the Director of the Utilities Division, a copy of a network service agreement with WAPA.

27 16. Good cause exists to grant the extension of time requested by UNSE.

28 17. Staff's recommendation is reasonable and should be adopted.

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- (a) That the site has been approved for the construction of a 230kV/69kV double circuit transmission line from the Griffith Substation to the Franconia Substation;
- (b) The expected date of completion of the facilities;
- (c) A phone number for public information regarding the facilities;
- (d) The name of the project;
- (e) The name of the Applicant; and
- (f) The Applicant's website.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 30th day of JULY, 2007.

BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

TW:db

1 SERVICE LIST FOR:

UNS ELECTRIC INC.

2 DOCKET NO.:

L-00000F-97-0088

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